



Michigan Department of Licensing and Regulatory Affairs
Liquor Control Commission (MLCC)
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Specially Designated Merchant Licensing Requirements & General Information

A Specially Designated Merchant license, as defined by MCL 436.1111(13), is a business licensed to sell, at retail, beer and wine in the original package for consumption off the premises.

A number of types of businesses, such as grocery stores, convenience stores, food specialty stores, drugstores, and other establishments listed in Administrative Rule R 436.1129, are approved types of businesses to obtain a Specially Designated Merchant license for the sale of take-out beer and wine.

How to Apply

All applicants requesting a new Specially Designated Merchant license, seeking to transfer ownership of a Specially Designated Merchant license, or transferring interest (stock or membership interest) in a Specially Designated Merchant license must submit the following:

- **Application Form**

For a new Specially Designated Merchant license or to transfer a Specially Designated Merchant license - [Retail License & Permit Application \(Form LCC-100\)](#)

To transfer interest in a Specially Designated Merchant license – [Retail License Interest Transfer Application \(LCC-101\)](#)

- **Inspection Fee** - A \$70.00 nonrefundable inspection fee is required.
- **License & Permit Fees** – The initial and annual renewal fee for a Specially Designated Merchant license is \$100.00. Additional fees will vary based upon whether permits are requested in conjunction with a Specially Designated Merchant license.
- **Livescan Fingerprints** – Applicants that have never been licensed through the Michigan Liquor Control Commission must submit fingerprints through the Livescan fingerprinting process - [Livescan Fingerprint Background Request Form](#).
- **Purchase Agreement** – Applicants requesting to transfer a license from another licensee must submit an executed purchase agreement or other documentation signed by both the applicant and the current licensee, which details the sale of the liquor license(s) and other business assets.

- Purchase agreements must specifically indicate that the liquor license is being sold and provide the purchase price and terms of the sale.
- Purchasers of on-premises licenses must have at least 10% of the purchase price of the business, excluding real estate.
- Purchase agreements that are not for cash only sales and include real estate must list the personal property, including the licenses, and real estate with the terms and price for each.
- If the personal property and real estate are being purchased by separate people or entities, the purchase agreement must indicate those names and who is purchasing which items.
- If the applicant will not pay the full purchase price at closing, the balance due may be covered by a security agreement or promissory note. Alcoholic beverage inventory cannot be included on a security agreement or promissory note.
- **Property Document** – Applicants must provide documentation that demonstrates they will have control over the property that comprises the proposed licensed premises. Property documents include deeds, land contracts, and lease agreements.
 - A provision to reassign the license in the event of a default on a land contract or termination of a lease agreement may be included, but may only provide for the reassignment subject to Commission approval.
 - If the applicant is a company and its members or stockholders own the real estate as individuals or under another company, a lease agreement is needed.
 - If the applicant is an individual and he or she owns the real estate with a spouse or someone else who will not be named on the license, as lease between the applicant and the owners of the real estate is needed.

In addition to the documents required by all applicants:

Corporations must submit the following information per Administrative Rule R 436.1109:

- Copy of current, filed Articles of Incorporation.
- Current Certificate of Good Standing from the state where incorporated and Certificate of Authority to Do Business in Michigan, if incorporated outside of this state.
- Certified copy of the minutes of a meeting of its board of directors or a statement signed by an officer of the corporation naming the persons authorized by corporate resolution to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

Limited Liability Companies (LLC) must submit the following information pursuant to Administrative Rule R 436.1110:

- Copy of Articles of Organization and copies of any amendments to the Articles of Organization.
- Current Certificate of Authority to Do Business in Michigan, if the LLC is a non-Michigan LLC.
- Copy of Operating Agreement entered into by members.
- Copy of most recent annual statement filed with the Corporations Division, if an existing LLC.

- Statement signed by a manager of the limited liability company or by at least 1 member if management is reserved to the members naming the person authorized to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

Partnerships must submit the following information per Administrative Rule R 436.1111:

- Partnership Agreement, if a Limited Partnership.
 - [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)
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Licensing Process

- The Licensing Division reviews the application and corresponding documents for completeness and verifies the appropriate fees have been received. If additional documents, fees, or corrections to documents are needed, Licensing will notify the applicant.
- Once all the necessary documents have been received Licensing will submit the request to the Enforcement Division for its investigation. If an applicant has applied for and meets the requirements for a conditional license, the request will be considered by the Commission.
- The Enforcement Division will contact the applicant to schedule an interview with the applicant (and current licensee for license transfers). At this meeting an investigator will review with the applicant documents, including:
 - purchase agreement
 - financial documents
 - property documents
 - other items pertaining to the application
- After the interview, the investigator will prepare a report for the Commission regarding the investigation and submit the request back to Licensing for further processing.
- Licensing reviews the report from Enforcement and any additional documents received during the interview process. The request is prepared for the Commission to consider and placed on a docket for an upcoming licensing meeting.
- The Commission considers the request, including:
 - the liquor license operating history of the applicant (if a current or prior licensee)
 - the arrest and conviction record of the applicant
 - whether the applicant meets the requirements for a license
 - the applicant's financial information
 - opinions of the local legislative body or police department, if received.

- The Commission will approve or deny the request based on these factors. Occasionally, the Commission will request more information from the applicant before making a final decision.
 - After the Commission makes a decision on the request, the file is returned to Licensing for final processing.
 - Approval orders are sent to the applicant requesting any final items before the issuance of the license.
 - Denial orders are sent to the applicant and the applicant may appeal the decision.
 - When all the final items are received by Licensing, the completed request is forwarded to the Renewal Unit for the issuance of the physical license documents.
 - Any changes in financial provisions at the time of closing which do not conform to the terms previously indicated and investigated may require submission of new forms and possible additional investigation.
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Permits, Permissions, and Authorizations

Sunday Sales Permit (A.M.) - A permit that allows the sale of beer and wine on Sunday mornings between 7:00am and 12:00 noon, if allowed by the local unit of government.

Beer and Wine Sampling Permit - A permit that allows for an off-premises licensee to provide patrons samples of beer or wine under certain circumstances.

Catering Permit - Authorizes a holder of a Specially Designated Merchant license to sell, deliver, and serve beer and wine in the original containers at private events. A licensee must have a food service establishment license or retail food establishment license to qualify for this permit.

Living Quarters Permit - Allows living quarters to be directly connected to the licensed premises.

Direct Connection permission - Allows connections from the licensed premises to unlicensed premises.

Motor Vehicle Fuel Pump permission – Allows the licensee to have motor vehicle fuel pumps on or adjacent to the licensed premises. Minimum inventory requirements apply based on the population of the local governmental unit in which the business will be located.

Proof of Financial Responsibility

- Liquor liability coverage of at least \$50,000.00 is required by Michigan law for active operation of a licensed business. Types of acceptable coverage are:

- liquor liability insurance
 - cash
 - unencumbered securities
 - constant value bond
 - membership in an authorized group self-insurance pool
- For more information, please read the instructions in the [Proof of Financial Responsibility form \(Form LC-95\)](#).